

REMARKS

Claims 20, 22, 24, and 25 remain in the application. The purpose of this amendment is to advance the prosecution of this application to allowance. Claims 21, 23 and 26 to 28 have been canceled by this amendment. Independent claim 20 has been amended, as have dependent claims 24 and 25. More particularly, the limitations of claims 21 and 23 have been incorporated into claim 20, and claim 20 now requires the performance of the three optimizing techniques. Claims 24 and 25 have been made dependent on claim 20. The non-elected claims 26 to 28 have been canceled.

Claim 25 was objected to for a typographical error. Claim 25 has been amended on line 2 to change “and” to –an–. As amended, it is believed that the objection to the claim has been overcome.

Claims 20 to 25 were rejected under 35 U.S.C. §101 as directed to non-statutory subject matter. The Examiner stated that the claims failed to incorporate the use of technology to perform any core steps of the invention and required correction. Claim 20 has been amended to recite that the claimed method is performed on a computer and each of the recited steps of the claimed method are performed using a computer resource. Therefore, as amended, the claims now incorporate the use of technology to perform the steps of the claimed method. Withdrawal of the rejection is respectfully requested.

Claims 20 to 22 were rejected under 35 U.S.C. §102(b) as being anticipated by the article by Marris A. Cohen and Suman Mallik, “Global Supply Chains: Research and Applications”, *Production and Operations Management Society*, 1059–1478/97/0603/197, pp. 193–210, 1997. Claims 23 to 25 were rejected under 35 U.S.C. §103(a) as being unpatentable over the Cohen et al. article in view of the article by Barrett F. Binder, “Managing Financial Risk into the 21st Century”, *CMA – The Management Accounting Magazine*, vol. 71, no. 3, page 8(6), April 1997. In view of the fact that the limitations of claim 23 have been incorporated into claim 20, it is believed that the rejection under 35 U.S.C.

§102 is now moot. The rejection of the claims, as they are now amended, under 35 U.S.C. §103 is respectfully traversed.

Before addressing the rejection, it is noted that the copy of the Cohen et al. article supplied by the Examiner apparently has several figures which are missing. It appears that the article was downloaded from the Internet by the Examiner, and perhaps the browser being used was not capable of displaying and printing graphics. It would be helpful if the Examiner could supply the full URL used to access the article.

In making the rejection, the Examiner states that "Cohen's models do analyze the impacts of varying foreign exchange rate scenarios and the impacts of foreign exchange movements on profitability on a selected supply chain design, wherein a customer demand is correlated with foreign exchange rates (§§ 17, 29, 31, 32, 35, 37, 38, 40)." It is noted here that the numbered paragraphs correspond to handwritten numerals in the copy of the Cohen et al. article supplied by the Examiner. The Cohen et al. article is actually a literature survey and does not provide any complete and coherent description of a single solution to the supply chain design problem, much less one that would suggest the claimed invention. Cohen et al. state the following on page 14 in their "Conclusion":

"In this paper we have presented a survey of the global supply chain management literature with specific emphasis on analytical modeling. The literature is quite recent, and we note that it has not yet evolved in a coherent manner. A general criticism of the majority of reported models is that they lack practicality and would be difficult to implement. Few of the models, for example, incorporate the underlying complexity of a global supply chain, and most ignore price and demand uncertainties in international markets.

"The data reviewed in Section 2 suggest that globalization in general has increased considerably among the U.S. multinationals over the last decade. Yet, the evidence on the growth of supply chain coordinates is less clear. Is this due to inadequacies in the data, the challenge of managing such coordination, or the effect of factors that are not well understood? Future research should focus on exploring the phenomena of supply chain globalization." (emphasis added)

Cohen et al. then go on to suggest varying areas which require additional research. In contrast, the disclosed and claimed invention provides a coherent solution to the supply chain design problem.

The article by Binder is relied on by the Examiner to teach the use of Monte Carlo simulation for financial risk analysis. The Examiner takes the position that "Monte Carlo simulation is already known to be performed for the similar types of supply chain-related modeling performed by Cohen." However, as shown above, Cohen et al. do not themselves perform any modeling; they provide only a literature survey which they state "has not yet evolved in a coherent manner". Applicants do not claim that Monte Carlo simulation is *per se* new as applied to financial risk assessment; however, Applicants do claim a new method of extending supply chain management using financial management considerations, which method includes as one of its steps "performing a Monte Carlo simulation to test robustness of a generated supply chain model".

Claim 20 as amended recites a method to assist decision-making, and to closely monitor various performance measures of an enterprise by extending supply chain management using financial management considerations. The method involves several computer implemented steps, the first of which is "generating a supply chain model . . . for a firm utilizing firm-specific information including strategic objectives, a desired level of risk, market position of the firm and industry competitive landscape". Once this model is generated, a "Monte Carlo simulation [is performed] on a computer resource to test robustness of a generated supply chain model". The method is completed by performing the following optimization techniques using a computer resource:

"a. optimizing ownership structure and transfer pricing methodologies for an existing maximizing supply chain model;

"b. optimizing supply chain design for an existing ownership structure by seeking to maximize profit or value of the firm within the context of international taxation and foreign exchange risk by trading off the firm's profitability and benefits of reducing risk by creating a supply chain that is naturally hedged using a constrained mathematical model with this trade-off modeled in an objective function to create an efficient frontier showing optimal expected profits for a

chosen level of risk; and

“c. optimizing supply chain design simultaneously with ownership structure, with the objective of maximizing profit or the value of the firm.”

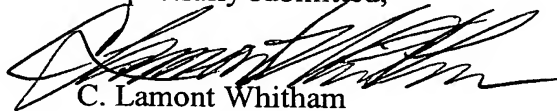
The combination of the articles by Cohen et al. and Binder do not suggest this method and, therefore, the rejection of the claims should be withdrawn.

In view of the foregoing, it is respectfully requested that the application be reconsidered, that claims 20, 22, 24, and 25 be allowed, and that the application be passed to issue.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at the local telephone number listed below to discuss any other changes deemed necessary in a telephonic or personal interview.

A provisional petition is hereby made for any extension of time necessary for the continued pendency during the life of this application. Please charge any fees for such provisional petition and any deficiencies in fees and credit any overpayment of fees to Attorney's Deposit Account No. 50-0510.

Respectfully submitted,



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